



London, 4h March 2004

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW, Room TWB-204
Washington, DC 20554

Re: IB Docket No. 02-324, IB Docket No. 96-261

Dear Ms. Dortch:

GSM Europe¹, the European Interest Group of the GSM Association, understands that a decision may be imminent in the Federal Communications Commission ("FCC") pending proceeding on International Settlements Policy Reform (IB Docket No. 02-324) and International Settlement Rates (IB Docket No. 96-261). GSM Europe would like to express great concerns *vis a vis* the positions expressed by certain U.S. carriers requesting that the FCC take action to impose existing benchmarks on all traffic terminating on foreign mobile networks, and propose new lower benchmark rates for such traffic in a Further Notice of Proposed Rulemaking.

In this context, GSM Europe would like to remind you of its position submitted to the FCC in January 2003 as summarised in the Annex below.

Yours Sincerely,

Kaisu Karvala
Chair GSM Europe

¹ GSM Europe represents around 143 operators in 50 countries/areas in Europe and counts around 416 million subscribers. The GSM Association is responsible for the development, deployment and evolution of the GSM standard for digital wireless communications and for the promotion of the GSM platform. For more information, visit the website at www.gsmeurope.org

ANNEX

Summary of GSM Europe comments on Notice of Proposed Rulemaking- [IB Docket No. 02-324 IB Docket No. 96-261]

Submitted January 2003

Summary of Comments

- GSM Europe submits that the mobile market is competitive and that mobile termination charges have fallen over the past years.
- In the past, termination rates for traffic originating overseas were often substantially *below* termination rates levied upon traffic originating domestically; termination rates for international traffic have been aligned with those levied upon traffic originating domestically. There is no longer any issue with respect to discrimination between domestic and international calls to mobiles.
- Pricing structures and price levels are to a great extent determined by the underlying structure of the market, in particular by the use of either the 'Receiving Party Pays' (RPP) or 'Calling Party Pays' (CPP). GSM Europe wants to note that the choice to use either CPP or RPP was not made by operators, nor are the subsequent disparities between markets that use different systems under the operators' control.
- Mobile termination rates in Europe are determined by the structure of that market, in particular by the 'Calling Party Pays' ("CPP") system. CPP markets necessarily exhibit different demand conditions and therefore different pricing patterns than do either "receiving party pays" ("RPP") mobile markets (because the mentioned different structure) or fixed services markets (because of the different nature of cost structure of the businesses). GSM Europe thinks it would be quite wrong and inappropriate to compare US termination prices with European termination rates in isolation, without taking into account the overall context.

- GSM Europe would like to respectfully advise the FCC against approaching the issue of mobile call termination in a unilateral way. With mobile call termination US carriers cannot exert reciprocal bargaining power in bi-lateral relationships. Any unilateral measures would therefore not have the required effect. Concerns the FCC may have should therefore be discussed in the existing fora such as the WTO or in case of antitrust issues in the context of the transatlantic dialogue between the US and the EU.
- If there were to be any concerns about the competitive process national regulatory authorities in Europe and the European Commission provide for effective regulatory oversight. The role of these authorities should not be put into question through unilateral action by the FCC.
- GSM Europe has always considered the “hands-off” approach of the FCC in relation to the mobile sector as a precedent for Europe. We hope that the FCC does not intend to apply different standards when looking at mobile termination rates in Europe.